

Write
to Bird

NEW SOUTH WALES.

BUSINESS STATISTICS - WEEKLY NOTES.

14th May, 1940.

This Week's Notes include:-

PART I SEASON: Mostly favourable. Maize forecast.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS: Export prices steady. Invasion of Low Countries. Unemployment in U.K. decreasing. U.S.A. maize sold to U.K.

WOOL: Shipments proceeding. Position in U.S.A. High British consumption. Weaker market in S. Africa.

WHEAT: Oversea futures higher. Forecast for U.S. winter wheat. Local prices unchanged.

BUTTER: Pay to suppliers to North Coast factories - Apr., 1940. Likely reduced British ration. Dutch butter export position.

METALS: Sharp rise in tin in London.

PART II INTERNATIONAL CURRENCY RELATIONS: Invasion of Low Countries causes sharp fall in sterling in New York. Dutch and Belgian currencies.

PART III BANK CLEARINGS, SYDNEY. Index No. Feb.-Apr., 1940 and Amount April and Jan.-Apr., 1940.

STOCK EXCHANGE - SYDNEY.

Index of share values - April, 1940.

INTEREST RATES, N.S.W.

Mortgages - Rural and Urban Feb.-Apr., 1940.
Government Securities - April-May, 1940.

PART IV BUILDINGS COMMENCED - METROP. WATER BD. AREA.

Value and Dwellings - April and Jan.-Apr., 1940.

RAILWAYS, N.S.W. - Operating Results - Mar. and July-Mar., 1940.

ROAD TRANSPORT SERVICES - Sydney and Newcastle.

- Operating Results - Mar. and July-Mar., 1940.

BUSINESS STATISTICS - WEEKLY NOTES - 14th MAY, 1940.

PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON. Early prospects for wheat are generally favourable. Rapid progress is being made with sowing and wheat sown before the April rains has germinated well. Following rains will be needed later to assure development. Maize production is expected to increase slightly in comparison with 1938-39 (2.9 million bushels) but will fall well below the average 1934-38 (3.3 m.b.). Pastoral conditions are mostly good.

EXPORT PRICES AND OVERSEA TRADE CONDITIONS. As prices of major export commodities are fixed under contracts with the British Government, Australian export prices are subject to little change. Wheat constitutes the main commodity of which a substantial surplus is yet to be sold. No large recent sales of wheat have been reported.

The index number of Australian export prices (Commonwealth Bank) in Australian Currency is now 81.4 (average 1927 = 100) compared with 63.7 a year ago and an average of 82.6 in the prosperous years 1936 to 1938.

Germany's invasion of Holland, Belgium and Luxemburg may have far-reaching economic effects. The agricultural imports of these countries must increase, and Dutch dairy produce exports to the United Kingdom may be affected. Until the military probabilities are clearer the outcome in relation to economic warfare cannot be assessed. If Dutch currency depreciates, as seems likely, it may have an important bearing on the terms upon which Australia's supplies of motor fuel can be purchased, as the Dutch East Indies is one of our major sources of supply.

Stock markets in London and New York reacted only moderately to the new war development.

Unemployment in Great Britain is rapidly decreasing. In April, 1940 there were 983,000 unemployed compared with 1,654,000 in April, 1939.

The sale of 20 million bushels of United States maize to the United Kingdom has been reported.

The United States Neutrality Act has been extended to The Netherlands, Belgium and Luxemburg.

WOOL. It is reported that the shipping of Australian wool has proceeded very satisfactorily and little wool will remain for export at the incoming of the new clip. According to the Press Britain has agreed to supply Australian merino wool to Greece, Turkey, Sweden, Belgium, Canada, U.S.A., Mexico and China.

Imports of wool into the United States were -

1939	165 million lb.	(clean-scoured basis)
1938	70	" " "
1937	216	" " "

Of the imports in 1939 only about 25 per cent. were apparel wools. As American mill activity has declined in recent months, a heavy demand for Australian wool is not likely.

Bradford exporters are finding difficulty in securing sufficient export orders to offset the trade lost with Scandinavia. There is heavy consumption of wool in Britain for the armed forces. During the first six months of the war the amount of wool consumed was 30 per cent. above the peak level of the war of 1914-18.

At closing sales in South Africa competition was lacking and prices declined slightly.

/The agreed.....

PART I. (Continued.)

The agreed price for purchase of the Australian clip is 3½d. a lb. above the average market price of a year ago. The course of wool prices is:-

AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

	Seasons ended June -					May 11.	
	<u>1926-29.</u>	<u>1931-33.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1939.</u>	<u>1940.</u>
Pence (Aust.) per lb.	17.2	8.5	16.4	12.7	10.3	9.9	13.4(a)

(a) Agreed price for British purchase of 1939-40 clip; subject to addition of one-half profit on resale of wool outside U.K.

WHEAT. Wheat options in Chicago and Winnipeg were steady until a sharp advance on May 10 due to the invasion of the Lowlands. At last week-end futures quotations were within a cent or two of the highest of this season. In the United States another factor was the official forecast for the domestic winter wheat crop:-

		<u>Area.</u> Mill.ac.	<u>Production.</u> Mill.bus.
<u>United States Winter Wheat.</u>	1940 (Forecast)	34.6	459.7
	1939	37.8	563.4
	Aver., 1933-37	36.6	497.1

Prices of wheat parcels on the Baltic Exchange in London were firm.

The Board's prices in Sydney were unchanged. These are for bagged wheat for export, 4s.3d., and silo wheat for local flour and small export orders, 4s. per bushel, f.o.r. at ports. Some flour was sold for export last week, but a number of mills are short of wheat due to transport difficulties caused by the coal strike.

Mice in plague proportions are occasioning concern in south-western wheat districts. Most of the wheat is well protected, but stacked bagged wheat may suffer damage.

The price of flour is £12 10s. per ton (including tax) and unchanged.

PRICES OF WHEAT IN NEW SOUTH WALES.

	<u>Bulk wheat.</u>	
	<u>Ex Trucks,</u> <u>Sydney.</u>	<u>Equiv. Ex</u> <u>Farm, Country</u> <u>Siding. (a)</u>
	s.d. per bushel.	
Average - Seasons 1930-31 to 1934-35	2 9½	2 2½
- Season 1936-37	5 3	4 8
- " 1938-39	2 5	1 9½
- April, 1939	2 5	1 9½
- " 1940	3 11(b)	(c)
May 11, 1940	4 0(b)	(c)

(a) Excluding bounty. (b) Prices for sale for local consumption.

(c) The first advance gave farmers about 2s.1d. (net) a bushel. A further substantial payment is likely if the unsold wheat is sold satisfactorily.

/BUTTER.....

PART I. (Continued.)

BUTTER. Although most dairying districts show the benefit of recent rainfall butter production is declining seasonally.

Payment to suppliers of cream to certain North Coast factories in April, 1940 is at the rate of 12 $\frac{3}{4}$ d. per lb. of commercial butter made. This is $\frac{1}{2}$ d. per lb. higher than in April, 1939 but farmers' returns are lower owing to decreased production. It is expected that the deferred pay for the half year ended June, 1940 will be greater than usual.

PAY FOR CREAM SUPPLIED TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Deferred Pay Jan.-June.
Pence per lb. of commercial butter.							
1933-34	7 $\frac{1}{2}$	7	6 $\frac{1}{2}$	6 $\frac{3}{4}$	7	8	1 $\frac{1}{8}$
1936-37	11	10 $\frac{1}{4}$	10	10	11	11 $\frac{1}{2}$	1
1937-38(a)	10 $\frac{3}{4}$	10 $\frac{3}{4}$	10 $\frac{3}{4}$	11 $\frac{1}{4}$	12 $\frac{1}{4}$	13	1 $\frac{5}{8}$
1938-39(a)	11 $\frac{1}{2}$	11 $\frac{1}{4}$	12 $\frac{1}{4}$	12 $\frac{1}{2}$	12 $\frac{1}{2}$	12 $\frac{1}{4}$	1.06
1939-40(a)	11 $\frac{3}{4}$	12	12 $\frac{1}{2}$	12 $\frac{5}{8}$	12 $\frac{5}{8}$	12 $\frac{3}{4}$	

(a) Cartage charges paid by factories (about $\frac{3}{8}$ d. per lb.)

The local wholesale price of butter is 158s.8d. per cwt.

In Great Britain the public has been warned by the Ministry of Food that there may be an early reduction in the butter ration from 8oz. to 4oz. a week.

The German invasion threatens to interrupt supplies from the Netherlands. Particulars of Dutch butter exports are:-

	<u>Total Exports.</u>	<u>Exports to U.K.</u>	<u>Exports to Germany.</u>
	000 cwt.	000 cwt. % of total exports.	000 cwt. % of total exports.
Av. 1933-37	890	475 53	225 25
1938	1001	712 71	246 25

Dutch butter constituted 13 $\frac{1}{2}$ per cent. of German imports and about 7 per cent. of British imports of butter in 1938.

The agreed price for the British purchase of Australian butter (137s.2d. (Aust.) per cwt. f.o.b., Australian port) is 18s. (Aust.) per cwt. above the export parity of the market price in London of a year ago.

PRICES OF BUTTER - EXPORT AND LOCAL.

	Average, Seasons ended June.				At May 11.	
	1929-32.	1933-36.	1937-39.	1939.	1939.	1940.
Shillings (Aust.) per cwt.						
Export Parity	135	88	122	123	119	137(a)
Local Sales	173	134	150	159	159	159

(a) Agreed price for British purchase, 1939-40.

PART I. (Continued.)

METALS. The fixed maximum prices of the British Ministry of Supply for lead (£25), spelter (£25.15s.) and electrolytic copper (£62) - all per ton, sterling - are unchanged. In London in the open market the price of tin was at first firm and then advanced £8 per ton to the highest level since December last upon Germany's invasion of the Low Countries. The volume of trade, however, did not increase significantly. Though estimated tin production in March quarter (52,600 tons) was 19,900 tons less than in December quarter, 1939, and estimated world consumption was 9,600 tons greater, supplies of tin are considered likely to be sufficient to meet demands of the near future.

The price of silver fluctuated slightly. Quotations in London on May 10, 1940 were:-

Tin - per ton (English currency) £263. 0. 0
Silver (Standard) per oz. (English currency) 1s.9d.

The production of ferro-manganese is to be undertaken in Australia from Australian ore.

PART II. INTERNATIONAL CURRENCY RELATIONS.

	Price of Gold (London)	Rate of Exchange.			
		London on New York.	London on Paris.	New York on London.	New York on Paris.
	Per oz. fine.	£ to £stg.	Fr. to £stg.	£ to £stg.	£ to Fr.100
	£. s. d.	(Pegged from Sept.1939)		(Open Market).	
Average-1937	7 0 9	4.94	124.6	4.94	4.04
" -1938	7 2 6	4.89	170.6	4.89	2.88
Av. July, 1939	7 8 6	4.68	176.7	4.68	2.65
" Aug. "	7 10 6	4.61	176.4	4.61	2.62
" Feb., 1940	8 8 0	4.03	176.6	3.96	2.25
" Mar., "	8 8 0	4.03	176.6	3.75	2.13
" Apr., "	8 8 0	4.03	176.6	3.53	2.00
April 27, 1940	8 8 0	4.03	176.6	3.51	1.99
May 4, "	8 8 0	4.03	176.6	3.48	1.97
" 11, "	8 8 0	4.03	176.6	3.23	1.83

After fluctuating irregularly on the open market in New York quotations of sterling and the franc fell sharply on news of extension of the war to Holland, Belgium and Luxemburg. At one time on Friday (10th) the sterling-dollar rate fell fractionally below \$3 to £stg., but there was a partial recovery to \$3.23 to £stg. on Saturday.

Quotation of Dutch guilders and Belgian belgas has been suspended. Under stress of war it is likely that these currencies will be allowed to depreciate against the dollar. If this happens it will improve the Empire's terms of trade in the purchase of raw materials from Dutch and Belgian colonies.

It is reported that two-thirds of the Netherlands gold reserve has already been shipped abroad, and transfer of the remainder has been arranged. In Jan., 1940 the Netherland's Bank held gold worth 1,461 million guilders (approx. £A.240 m.) The National Bank of Belgium held gold totalling 3,435 million belgas (about £A.180 m.) beside 926 million belgas "other gold and foreign exchange" in January last.

/PART III

PART III. FINANCE AND TRADE.

BANK CLEARINGS. The index number of inter-bank clearings in Sydney for the three months ended April, 1940 was 111 (average 1926-30 = 100) compared with 98 in April, 1939 and 103 in April, 1937 (highest for the period of post-depression years). Special factors - the rapid realization of wool, wheat advances and war expenditure - have swollen the volume of transactions, but there was a broad stimulation of general economic activity.

In the four months ended April the amount of clearings this year (£343.6m.) was £50.4m. or 17.2 per cent. greater than last year. The Commonwealth £18 m. loan of March, 1940 was a factor in this increase.

The coal strike has caused a check to the rising trend of industrial activity in recent weeks, but if the dispute is settled the full effects of those influences behind the erstwhile expansion of industry and trade should again be felt.

INTER-BANK CLEARINGS - SYDNEY.

	<u>AMOUNT (a)</u>		<u>INDEX NUMBER. (b)</u>
	<u>Month of</u> <u>April.</u>	<u>Four Months</u> <u>ended April.</u>	<u>Feb.-Apr.</u> 1926-30 = 100.
	£ million.		
1929	89.7	353.8	104
1932	43.5	180.2	63(1933)
1937	80.6	311.9	103
1938	75.7	301.4	102
1939	70.7	293.2	98
1940	84.3	343.6	111

(a) Excluding Treasury bill transactions.

(b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions, but not for changes in the price level.

STOCK EXCHANGE. In April, 1940 the index of value of ordinary company shares on the Sydney Stock Exchange was practically the same as in March, 1940 and August, 1939, and about 5 per cent. below the war-time peak of January, 1940. Prices fluctuated with a slightly rising tendency throughout April, though the coal strike was a discouraging market factor. Industrial share prices in London and New York were lower at the close than at the beginning of the month. In Sydney the market tended firmer again last week until the invasion of the Lowlands.

In April the index number for public utility companies' shares declined 4.2 points to the lowest level for seven years. Other changes of average value from March to April, 1940 were relatively unimportant.

The Securities (United States and Canada) Order made on April 30, 1940 requires Australian holders to sell stocks in 20 specified American companies, one-half within three, and the whole within six months, and to lodge the proceeds with the New York account of the Commonwealth Bank. Holders will be paid the equivalent value in Australian currency. It is believed that about £A 1.5 m. worth of dollars will be added to Australia's foreign exchange resources by the present acquisition. Orders covering other Australian-owned American securities are expected to be made from time to time.

An incidental effect to the primary purpose of mobilising the nation's resources for essential war purchases may be the re-investment of the capital returned in Australian enterprises.

/INDEX OF.....

PART III. (Continued,)

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
(Excluding Banks.) Par Value - 100.

	Shares in Companies engaged in -					Total 75 Companies.	34 Active Shares
	Manufac- turing & Retail Distrib- Trade. uting.	Public Utili- ties.	Pastor- al and Finance.	Insur- ance.			
1929 - Apr.(a)	179	180	129	174	224	174	173
1931 - Sept.(b)	72	60	88	75	121	74	77
1937 - March (c)	214	204	181	169	281	190	200
1939 - April	203	169	161	121	258	171	178
Aug.	213	168	156	118	264	174	185
1940 - Jan.	229	174	152	132	270	182	195
- March	217	167	142	132	263	174	186
- April	217	166	137	133	261	173	187

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

INTEREST RATES - MORTGAGES. The weighted average rates of interest on private first mortgages registered in New South Wales in recent months were as follow:-

RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

Weighted Averages - Three months ended -

	<u>1939</u>					<u>1940</u>			
	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>		<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>
	Per cent. per annum.								
Rural Mortgages	5.2	5.3	5.4	5.5	5.5	5.4	5.4	5.2	
Urban "	5.5	5.6	5.7	5.8	5.8	5.7	5.7	5.7	

Mortgage interest rates had been rising since the middle of 1935 and hardened further in the closing months of 1939. Averages for the three-monthly periods ended Feb., March and April, 1940 imply a check to, and possibly a reversal of the former trend; a movement according with the Commonwealth policy regarding interest rates generally. The Government's attitude was defined by the Treasurer (Mr. Spender) on April 19; "There is no special reason why mortgage rates should not move in harmony with other rates, which have been falling satisfactorily." Efforts to increase interest yields on mortgage investments would not be tolerated.

The course of mortgage interest rates in recent years was:-

AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Three Months ended April.						
	1934.	1935.	1936.	1937.	1938.	1939.	1940.
	Weighted Average Rate - per cent. per annum.						
Rural Mortgages	5.2	4.7	4.9	5.0	4.9	5.2	5.2
Urban Mortgages	5.4	5.2	5.2	5.2	5.3	5.5	5.7

INTEREST RATES - GOVERNMENT SECURITIES. The average net redemption yield on Commonwealth bonds of five or more years maturity receded from £3.11s.9d. per cent. on March 28 to £3. 6s. 3d. per cent. on April 25 and on May 9, 1940 was £3. 6s.1d. per cent. Accumulation resulting from the heavy inflow of export income and increased trade and industrial activity, reinforced by the control of investment

/has tended.....

PART III. (Continued.)

has tended to strengthen the bond market. The payment for the proceeds of sales of American securities (see Stock Exchange) may augment these influences in coming months.

No large public issues were made in April. The next war loan is expected to issue in June. Yields on bonds of the issue of March, 1940 at May 9, 1940 were:-

£3. 6s. 0d. on 5 year bonds issued at £3. 7s. 6d. at par.
£3. 8s. 2d. on 10-16 year bonds " " £3.12s. 6d. "

Trends in yields on Government securities in recent years were as follow:-

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	With Maturities of -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 Years.	Over 5 years. (Overall rate)
	Average Net Redemption Yield - Per cent. per annum.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average, 1935	3 9 7	3 10 1	3 13 9	3 11 1
1937	3 16 4	3 17 5	3 18 1	3 17 4
1938	3 14 5	3 15 0	3 15 10	3 15 0
" Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
" Sept., 1939	4 1 0	4 1 1	4 1 9	4 1 3
" March, 1940	3 10 10	3 12 0	3 12 7	3 11 9
" April, 1940	3 5 10	3 7 6	3 9 5	3 7 5
May 9, 1940	3 4 7	3 5 4	3 8 4	3 6 1

War Savings certificates sold up to May 2, 1940 totalled £511,161 including £159,394 in New South Wales (and A.C.T.)

BUILDING INDUSTRY.BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

(Note: These figures cover all Government and private building about to be commenced, i.e., for which water fees have been paid in the month shown.)

An unusually high total (£1,187,000) for buildings commenced in April interrupted an irregular decline of recent months. In Jan.-Apr. the total was £170,000 greater in 1940 than in 1939. Building decreased in the city. For the four months totals were higher in 1940 for houses and flats and lower for business premises. Houses commenced in April numbered 569 in 1940 and 428 in 1939 and in Jan.-Apr., 2,309 and 2,287, respectively. House building may decrease.

The value of buildings commenced in the Metropolitan Water Board Area in April, 1940 was £1,187,000. The increase of £193,000 in comparison with April, 1939 is probably partly the result of the changing date of Easter. In March and April together the totals were £1,982,000 this year and £2,068,000 in 1939.

Monthly totals have varied widely over the war period (contrasting with relative steadiness in the preceding two years) and the significance of the high total for April, 1940 is not explicit:-

	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>April.</u>	<u>Total,</u> <u>Sept.-Apr.</u>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
1937-38	1,074	936	1,158	1,055	1,168	919	974	1,057	8,341
1938-39	972	846	989	788	949	1,053	1,074	994	7,665
1939-40	840	931	1,044	555	1,371	887	795	1,187	7,610

The total for the eight months ended April, 1940 (which included £411,000 for the G.P.O.) was £55,000 and £731,000 less than in Sept.-Apr., 1938-39 and 1937-38, respectively. Increase in Government building has been an offset to the decrease in private building, but much of recent works is non-recurrent.

Distinguishing city and suburban buildings the estimated cost of buildings commenced in this area was:-

	City.			Suburbs.		
	April.	Jan.- April.	Sept.- April.	April.	Jan.- April.	Sept.- April.
	Value of Buildings Commenced - £1,000.					
1937-38	381	749	1,548	676	3,369	6,793
1938-39	219	772	1,134	775	3,298	6,531
1939-40	140	722	1,075	1,047	3,518	6,535

Building in the city is less active than one and two years ago. The total in the suburbs for the four months of this year exceeded that of Jan.-Apr., 1938 or 1939, but included substantial sums incurred for defence buildings, as well as for factory buildings connected with the expansion of war industries.

A comparison of value according to type of building commenced during the eight war months and in Sept.-Apr., 1938-39 shows little change other than a decrease of 11.3 per cent. for flats and an increase of 27 per cent. for miscellaneous buildings (churches, theatres, schools, etc.)

/Sept.

PART IV (Continued)

<u>Sept.-April.</u>	<u>Houses.</u>	<u>Flats.</u>	<u>Business Premises.</u>	<u>Miscel- laneous.</u>	<u>Total</u>
Value of buildings commenced - £1,000.					
1938-39	3,795	1,288	2,097	485	7,665
1939-40	3,827	1,143	2,024	616	7,610

Particulars for April and the four months ended April are appended. The table shows higher amounts for dwelling houses (5.7 per cent.) and flats (12.3 per cent.) in Jan.-April, 1940 than in those months of 1939, and a sustained high level for factories, shops, etc. and miscellaneous buildings. Without the G.P.O. job, however, there would have been a decline of 23 per cent. for business premises.

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.
Inclusive of Government Buildings and Alterations and Additions.

Type of Building.	April.		Four months ended April.				
	1939.	1940.	1936.	1937.	1938.	1939.	1940.
	Value in Thousands of Pounds.						
Dwelling Houses.	357	490	1,218	1,198	1,734	1,839	1,943
Flats	135	217	536	448	809	640	719
Business Premises (a)	438	297	967	1,126	1,416	1,250	1,234
Miscellaneous (b)	64	183	143	332	159	341	344
Total	994	1,187	2,864	3,104	4,118	4,070	4,240

(a) Factories, Shops, Offices, warehouses, etc.

(b) Theatres, Halls, Churches, Schools, etc.

These figures fail to give a clear indication of general trend. Representations from within the building industry indicate a substantial decrease in building activity. Factors affecting the future trend include the question of provision of finance for co-operative building societies, as for investment in new flat and commercial buildings (which is bound up with war-time financial policy); rising costs of building, the continued demand for industrial premises, and general reactions to the war.

DWELLING HOUSES. The numbers of new dwelling houses commenced in this Area in April were 569 in 1940, 428 in 1939 and 532 in 1938. In the four months ended April, 1940 there were 2,309 houses commenced; 22 more than in Jan.-April, 1939. The numbers are relatively high - almost equal to the average of the past two years - but as resources of building societies are becoming depleted (see W.N. 7.5.40) it seems doubtful if this level will be maintained. A comparison of the number of houses commenced is appended.

NUMBER OF DWELLING HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.
(Not including Flats.)

	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Calendar year.	Four months ended April.	Eight Months ended April.
1935	941	912	1,125	1,065	4,043	1,251	2,216
1936	1,273	1,251	1,668	1,195	5,387	1,652	3,081
1937	1,152	1,212	1,618	1,592	5,574	1,598	3,388
1938	1,627	1,857	2,120	1,853	7,457	2,159	4,347
1939	1,859	1,785	2,034	1,663	7,341	2,287	4,783
1940	1,740	-	-	-	-	2,309	4,589

RAILWAYS

PART IV (Continued)

RAILWAYS, N.S.W. For the eighth successive month the working surplus of the State Railways in March, 1940 (£516,000) was greater than in the corresponding month of 1938-39. In the nine months ended March there were increases compared with July-March, 1938-39 -

in gross earnings of £1,441,000 (10.1%)
 " working expenses" £89,000 (0.8%) and
 " gross surplus " £1,352,000 (36.1%).

The gross surplus shown (which is before meeting interest, etc. charges) was greatest for the period of any recent year. It has accrued as a result of the increase from Mar. 1, 1939 of 10 per cent. in fares and certain freight rates (partly offset by a decline of 5 per cent. in passengers) and record goods traffic (10.8 per cent. greater than in July-Mar., 1938-39) following the bountiful season of 1939-40 and war-time stimulation of trade and industry. Greater efficiency in operation also contributed to the improvement.

The good recovery of the railways from the regression in results of 1938-39 shown in the following table has since been interrupted by the curtailment of services and loss of freight due to the coal strike.

NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Month of March.			Nine Months ended March.		
	Passenger Journeys.	Goods Ton mileage.	Working Surplus. ♂	Passenger Journeys.	Goods Ton mileage.	Working Surplus. ♂
	Millions.	Millions	£000	Millions	Millions	£000
1932	11.9	130	276	94.6	1,149	2,298
1937	15.7	147	551	132.2	1,351	4,570
1938	15.4	179	510	140.4	1,453	4,907
1939	14.7	172	462	141.2	1,369	3,745
1940	15.3	176	516	134.3	1,517	5,097

♂ Excess of earnings over working expenses, exclusive of interest, etc. charges, amounting in 1938-39 to £6,575,000.

ROAD TRANSPORT SERVICES. During March and the nine months ended March, 1940 Government tramway and omnibus services in Sydney and Newcastle carried more passengers than in that month and period of 1937-38 or 1938-39. The occurrence of Easter in March of this year contributed to the large increase (2.7 million passengers) over the number in March, 1939. Other factors were greater employment, travelling by soldiers, and some transfer from train travelling due to higher railway fares.

In the nine months ended March, 1940, these services had a working surplus (before meeting interest, etc. charges) of £557,900. This increase of £57,600 compared with July-March, 1938-39 accrued as a result of increased traffic (fares are unchanged) and a greater increase in earnings (3.3 per cent.) than in working expenses (1.8 per cent.). Results have since suffered by the curtailment of services and the effect on employment of the coal strike. Comparative particulars of operations are:-

PART IV (Continued)

GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

	Month of March.				Nine months ended March.			
	Earn-ings.	Working Expenses	Working Surplus	Passen-gers.	Earn-ings.	Working Expenses	Working Surplus	Passen-gers.
	£000	£000	£000	mill.	£000	£000	£000	mill.
1938	370.6	306.9	63.7	32.1	3206	2609	597	275.7
1939	381.9	310.7	71.2	32.8	3269	2769	500	279.0
1940	404.9	334.9	70.0	35.5	3377	2819	558	283.3

∅ Excess of earnings over working expenses, exclusive of interest, sinking fund, exchange and depreciation, amounting in 1938-39 to £646,000.